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**EXPORTERS, SKILL UPGRADING
AND THE WAGE GAP***

By

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Abstract

This paper examines plant level evidence on the increase in demand for nonproduction workers in U.S. manufacturing during the 1980's. The major finding is that increases in employment at exporting plants contribute heavily to the observed increase in relative demand for skilled labor in manufacturing during the period. Exporters account for almost all of the increase in the wage gap between high and low-skilled workers. Tests of the competing theories with plant level data show that demand changes associated with increased exports are strongly associated with the wage gap increases. Increases in plant technology are determinants of within plant skill-upgrading but not of the aggregate wage gap rise.

Keywords: skill upgrading, exporting plants, wage gap

JEL Classification: F10, J21, E24

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